



AARHUS UNIVERSITET  
Business and social sciences

# M&A SEMINAR

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## MERGERS AND ACQUISITIONS

### M&A STRATEGY – THEORY AND PRACTICE

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# PRÆSENTATION

## My background

- **Head Of Corporate Development/M&A @ Akronos Technologies Group**
- **Adjunct professor for M&A course @Aarhus BSS since 2019**
- **Assistant Professor @Aarhus BSS 2013-2018**
- Ph.D. (2013) in Economics and Industrial Organization, University of Bergamo
- Visiting Scholar (2012) in M&A Strategy at Rotterdam School of Management (RSM)
- M.Sc. (2008) and B.Sc. (2006) in Management Engineering, University of Bergamo

### ***Research interests***

- Mergers and Acquisitions
- Private Equity investments
- Corporate Finance
- Innovation Management

# Agenda

## What? Strategic overview and rationale of the entire acquisition process!

- › **Part 1: Strategic overview**
- › **Part 2: Sketch of the M&A process**
  
- › Some of the basic questions we will address:
  - What is M&A?
  - What does the M&A process look like?
  - Why do M&A that looked great on paper fail in reality?
  - What does it take to make synergies come to life?
  - How can an M&A transaction add value?
  - Why integration is important?

# Why are M&As interesting?

M&A: one of the most important means by which companies respond to changing conditions:

- Aim: to achieve synergies and scale!
- However: An M&A strategy is riskier than an organic growth strategy
- Some mergers fail to create synergies and destroy shareholder value

## Systemic view:

- The decision to **make or buy** is at the core of any growth strategy.
- M&A decisions are part of the overall corporate competitive strategies !!!

# Largest M&A Transactions Worldwide

Over the past 35 years, more than **one million Mergers and Acquisitions (M&A) deals** have been completed globally. Since 2000, the total disclosed value of worldwide M&A transactions has exceeded US\$70 trillion

## Top 10 recent M&A, worldwide, by size:

Rank	Acquirer	Target	Deal Value (USD)	Year	Sector	Acquirer Country	Target Country
1	Microsoft	Activision Blizzard	\$75.4 billion	2023	Technology (Gaming)	USA	USA
2	Microsoft	LinkedIn	\$26.2 billion	2016	Technology (Social Media)	USA	USA
3	Dell Technologies	EMC Corporation	\$67 billion	2015	Technology (Data Storage)	USA	USA
4	Heinz (3G Capital)	Kraft Foods Group	\$100 billion	2015	Consumer Goods	USA	USA
5	AB InBev	SABMiller	\$100 billion	2016	Consumer Goods (Beverages)	Belgium	UK
6	Dow Chemical	DuPont	\$130 billion	2015	Chemicals	USA	USA
7	United Technologies	Raytheon	\$121 billion	2020	Aerospace & Defense	USA	USA
8	Pfizer	Warner-Lambert	\$90.27 billion	2000	Pharmaceuticals	USA	USA
9	ChemChina	Syngenta	\$43 billion	2016	Agriculture	China	Switzerland
10	Verizon	Vodafone Group	\$130 billion	2013	Telecommunications	USA	UK

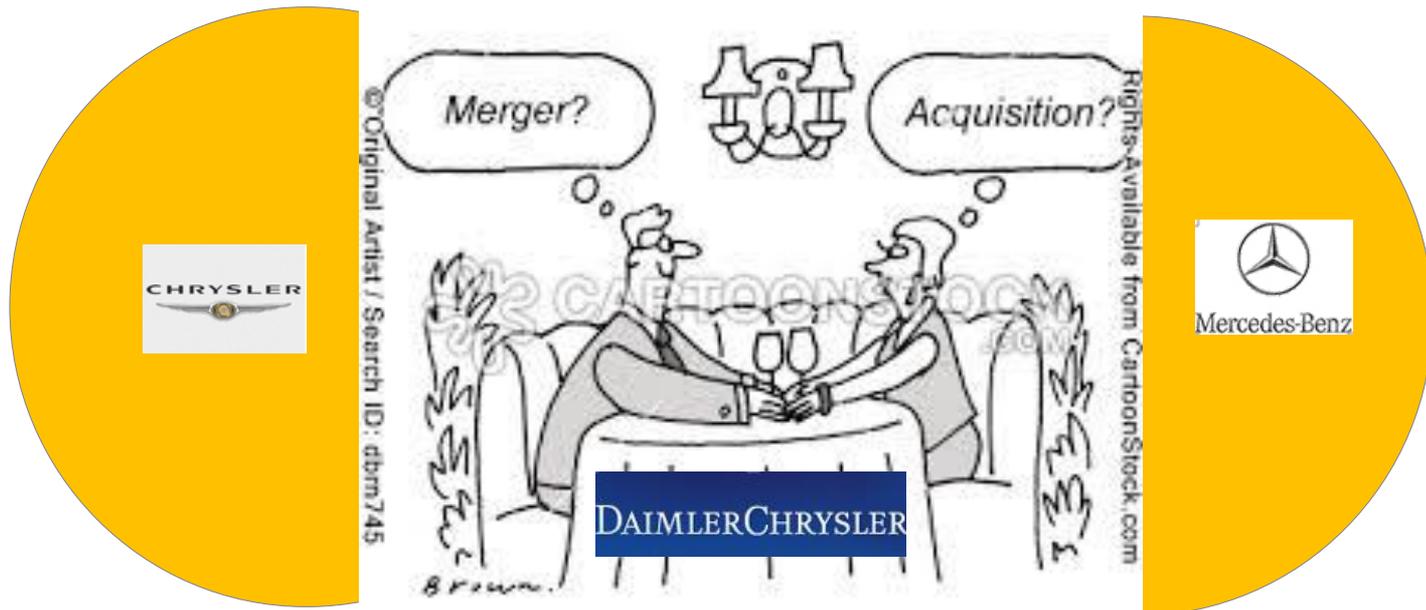
# What is an M&A?

## Acquisition vs Merger: definition

- An **ACQUISITION** is a corporate action in which a company BUYS the majority of the target company's ownership stakes in order to assume the control
  - No new company is formed
  - An acquisitions can be either friendly or hostile
    - **Friendly** acquisitions occur when the target firm expresses its agreement to be acquired (typical case)
    - **Hostile** acquisitions don't have the target's agreement and the acquiring firm needs to actively purchase large stakes of the target company in order to have a majority stake
    - In both cases, the acquiring company typically offers a **premium** on the market price of the target company's shares in order to entice shareholders to sell + value of expected synergies

# What is an M&A?

- The term **MERGER** refers generally to a “merger between equals”, where 2 companies combines to form a new company
  - However, experience shows that even if a “merger between equals” is declared, within days or weeks it is clear to each one of the parties who is **controlling** and who is **being controlled** → Reason behind the use of the general term: M&A





“Why Corporate Mergers of Equals Almost Never Work” - Forbes 2014

Corporate marriages often go wrong, but mergers of equals—in which two firms of roughly similar size combine, with neither a buyer nor a target and typically no cash changing hands—account for a disproportionate share of disastrous failures.

Take, for example, the union of Daimler and Chrysler. That 1998 merger of equals created the giant German-American carmaker DaimlerChrysler. Just two years later Jürgen Schrempp, later in sole command, having seen off Robert Eaton, the former head of Chrysler, claimed that the term “merger of equals” had been used only for “psychological reasons,” thereby effectively acknowledging that equality was just a word used to sell the deal to Chrysler folk. It was a Daimler takeover. The marriage struggled on until May 2007, when a divorce was announced.

# M&A Reasoning

“M&A are not strategies in and of themselves, but rather **part of the overall corporate competitive strategies**”

Let's take a look at the Facebook takeover of Instagram (2012) for \$1bn, which has generated a huge amount of media interest...

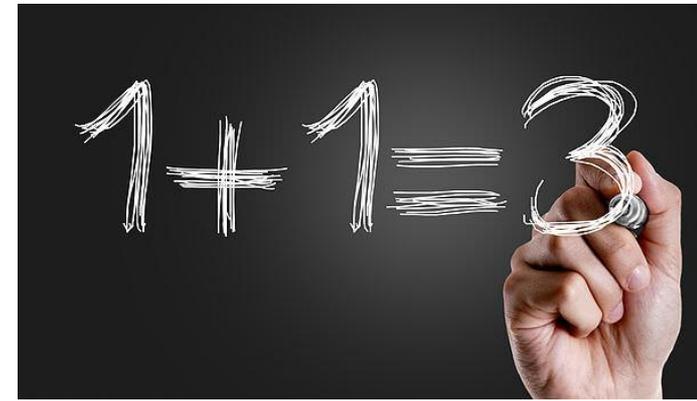
<http://www.youtube.com/watch?v=8cvvPVVnOSk>

M. Zuckerberg interview:

<https://www.youtube.com/watch?v=WH6h3ImVn0U>

<https://www.menti.com/> → code: 3300 0380

## Keyword.. Synergy



- **Definition:** “There is synergy when it is possible to operate two business units more profitably when together than when each one operates separately”
- Identification and evaluation of potential synergies in M&A deals
  - Complementary strengths and weaknesses?
  - Role of economies of **scale** and **scope** in value creation
  - Identification of Type of synergies (e.g. revenue synergies, cost synergies, operational synergies, financial synergies, cultural synergies...)
  - Quantifying synergies

# Keyword.. Synergy

- **Operational Synergies:**

- Streamlining operations and reducing costs through economies of scale
- Consolidation of duplicate functions and departments
- Rationalization of supply chains and distribution networks
- Sharing of best practices and expertise across organizations

- **Financial Synergies:**

- Tax benefits and advantages of M&A transactions
- Optimization of capital structure and financing arrangements
- Enhanced borrowing capacity and improved credit ratings
- Economies in financial management and reporting

# Keyword.. Synergy

- **Strategic Synergies:**

- Expanding market reach and customer base
- Access to new technologies, products, or services
- Diversification of business lines or geographic presence
- Reinforcing competitive advantages and market positioning

- **Cultural Synergies:**

- Building a common organizational culture
- Aligning values, leadership, and employee engagement
- Fostering collaboration and teamwork across merged entities

# But... M&A can Fail before starting...

## AstraZeneca and Pfizer (2014)

- **Deal Size:** \$119 billion
- **Acquirer:** Pfizer (USA)
- **Target:** AstraZeneca (UK)
  
- **Failure Reasons:** Pfizer attempted to acquire AstraZeneca in 2014, but the deal was blocked by a combination of strategic differences and regulatory issues. AstraZeneca rejected Pfizer's initial offer, arguing that the deal undervalued its potential, particularly in emerging markets. Pfizer's decision to pursue the deal was also met with opposition from UK regulators, who feared job losses and the loss of strategic control over a major pharmaceutical company.
  
- **Failure Impact:** AstraZeneca maintained its independence, and Pfizer shifted its focus to other potential acquisition targets.

# But... M&A can Fail before starting...

## Deutsche Börse and London Stock Exchange (LSE) Merger (2016)

**Deal Size:** €29 billion

**Acquirer:** Deutsche Börse (Germany)

**Target:** London Stock Exchange (UK)

**Failure Reasons:** This merger was scuppered by the European Commission in 2017, citing concerns that the combined entity would create a monopoly in European financial markets. Despite the strategic benefits of combining the two financial giants, regulators were concerned that the merger would significantly reduce competition, particularly in the clearing and settlement of trades.

**Failure Impact:** The deal's collapse led to significant strategic adjustments for both companies. Deutsche Börse subsequently sought other growth opportunities, and the LSE continued to expand through acquisitions, including the purchase of Refinitiv in 2020.

# Or after..

- **In theory, 1+1 = 3 sounds great, but in practice, things can go awry.**
  - Achieving synergy is easier said than done
  - **Challenges and Risks in Achieving Synergies:**
    - Common challenges in realizing anticipated synergies
    - Integration risks and obstacles to synergy capture
    - Cultural clashes and resistance to change
    - Time, cost, and execution risks associated with integration efforts
- Historical trends show that roughly **two thirds of big mergers disappoint on their own terms**, which means they will lose value on the stock market



# Why M&As Fail?

## Wrong reasons for an M&A:

- **Globalization fear:**
  - management team feel to have no other choice than acquire a rival before being acquired because only big players will survive a more competitive world
- **Not realistic synergies!**
  - Synergy opportunities may exist only in the minds of the corporate leaders and the deal makers

# Why M&As Fail?

- Done more for **glory-seeking** than business strategy

→ The CEO/management sees personal advantages:

- Greater empowerment and control of a larger organization
- Improvement of social-management status
- Higher salaries & benefits



"The company shrank, but I got bigger."



- ... or again: **HUBRIS hypothesis or SIN OF PRIDE**
  - Excess of self-confidence
  - "Trust me"
  - "It won't happen to me"

# Why M&As Fail?

## Mistakes along the process:

- Lack of planning (plan how to avoid superfluous costs, identify synergies, ...)
- Lack of knowledge of M&A issues
- Limited synergies
  - **Redundant functions & differences in systems and processes** can make the business combination difficult
- Negotiation mistakes
- Difficulties in the implementation of the strategy

# Why M&As Fail?

## ...and during the integration part:

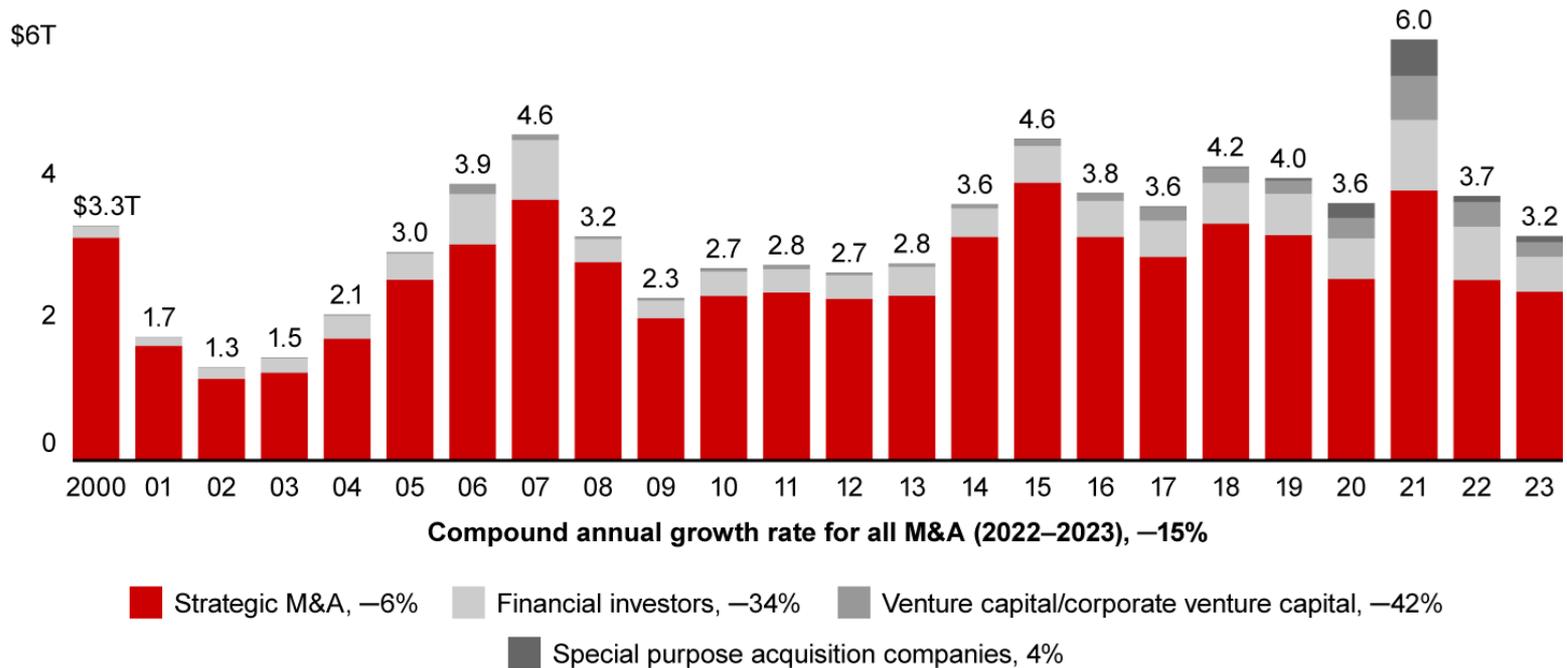
- Incorrect integration approach
- Differences in management/organization
- Culture clashes:  
Lack of focus on human factors → It's a mistake to assume that personnel issues/habits are easy to overcome
  - Tension/pressure
  - Negative attitude toward the acquiring organization
    - › → departure of managers and **key personnel** (from the acquired company, most in the first year after the M&A)
    - › → critical in hi-tech field (people own the **knowledge**)

# The M&A Paradox

- Observing these “bad” numbers, it can be expected that managers try to avoid M&A activities as much as possible.
- Reality shows the opposite, M&A rate has been increasing over the past 20 years.
- Forecast (according to Bloomberg):
  - M&A activity will continue to grow
  - Increase of international activities and process of globalization will encourage international M&A
  - Asia-Pacific companies are expected to be the most aggressive buyers
  - Most attractive targets are expected to be in the European region

# Global M&A market

M&A deal market value (in trillions of US dollars)

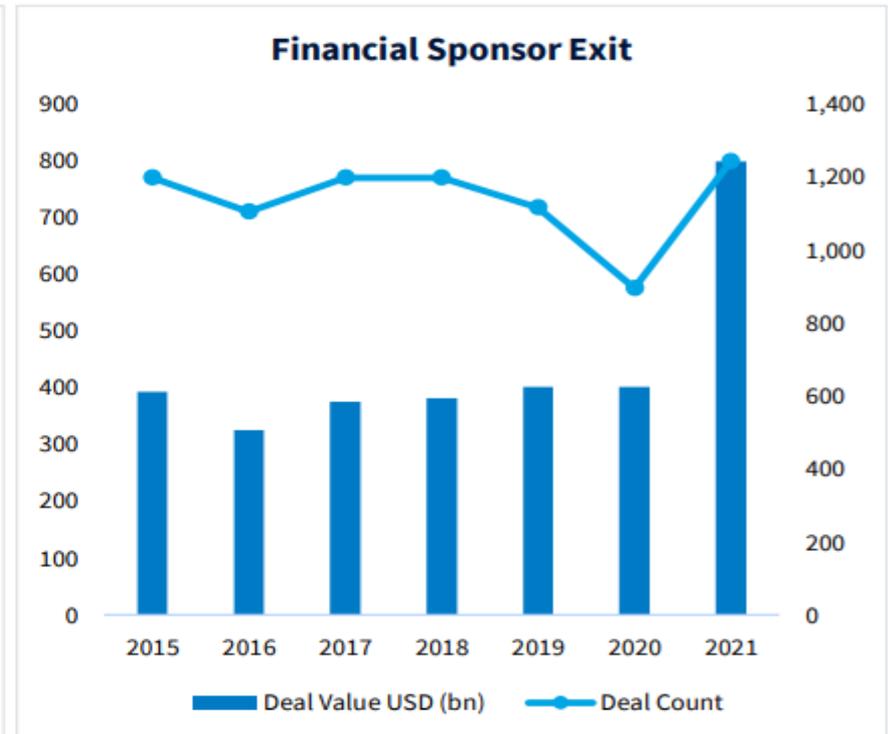
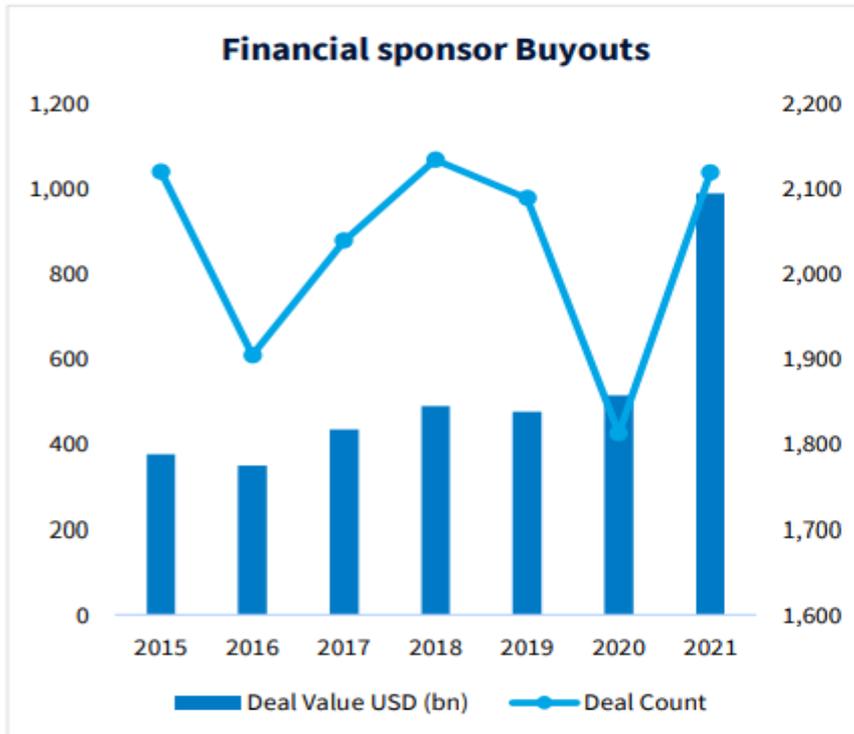


Note: Strategic M&A includes corporate M&A deals (which includes private equity exits) and add-ons  
 Source: Dealogic as of January 16, 2024

# Close look to the recent World Record in 2021:

- Global mergers and acquisitions hit **record levels in 2021** thanks to **ultra-low interest rates, easy access to capital and recovering economies worldwide.**
- **Total M&A worldwide reached USD 5.65tn**, smashing the previous record set in 2007, just before the global financial crisis.
- “There’s a lot of money in the market,” says John Potter, PwC US Deals Sector Leader. “A persistently healthy stock market, generally high valuations, liquid borrowing markets and dry powder present a receptive environment.”
- **Can the high run continue?**

# Private equity 2021: A meteoric rise



- **Global PE activity accounted for 27% of worldwide M&A activity by value and 9% by deal count in 2021, setting a new record for the total share of sponsor-led dealmaking.**
- Buoyed by **low interest rates and high volumes of dry powder.**

# 2022-2023: Strong Slowdown

- **In 2023**, the global Mergers and Acquisitions (M&A) market experienced a notable **decline** compared to the previous years of 2022 and 2021.

## Key trends:

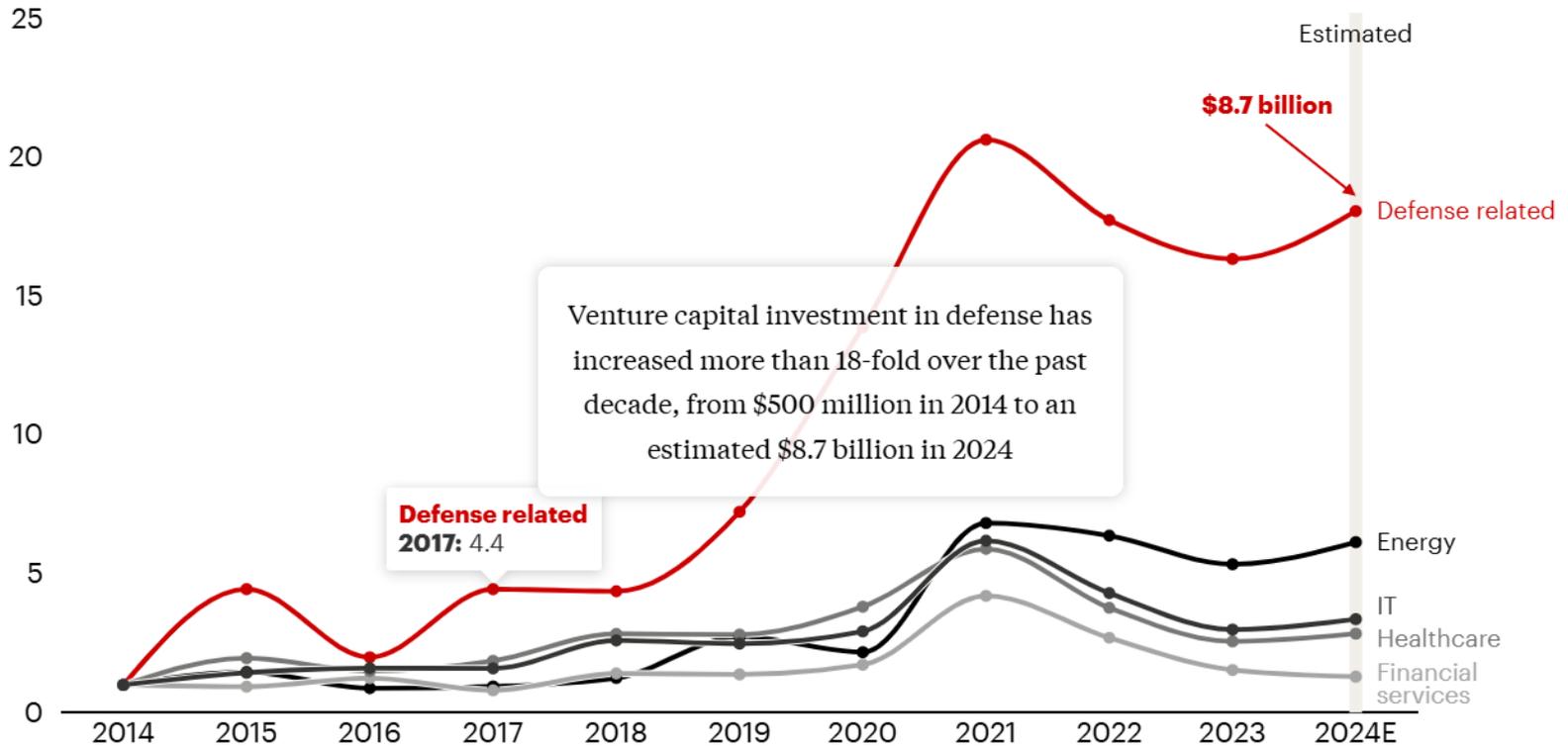
- **\*\*2021\*\*** was a record-breaking year for M&A activity, driven by pent-up **demand post-pandemic, low interest rates, and abundant liquidity**. The total deal value surpassed \$5 trillion globally.
- **\*\*2022\*\***: Although the M&A market remained strong, there was a slight dip from the previous year's peak. **Rising inflation, geopolitical uncertainties, and tightening monetary policies** started to impact the market. The total deal value was around \$4.3 trillion.
- **\*\*2023\*\***: The downward trend continued with a significant drop in both deal volume and value. **High interest rates, economic uncertainties**, and stricter regulatory scrutiny contributed to the decline. The total deal value was estimated to be around \$3.2 trillion.
- **Declines in multiples and a pause in megadeals in 2022 & 2023** from a record high in 2021.
- **Strategic M&A remained the dominant category in 2024**, with total deal value at approximately \$3.4–3.5 trillion, representing a **12–15% increase from 2023**.

# Sectoral Shifts and Regional Differences

- **\*2021 and 2022\***: **Technology, healthcare, and financial services** were the leading sectors for M&A activity.
- **\*2023\***: While technology remained a key sector, there was a noticeable slowdown in deal activity. **Energy and infrastructure** sectors saw relatively more resilience due to the global energy crisis and the push for renewable energy investments.
- **\*North America and Europe\***: These regions saw the most significant declines in M&A activity in 2023 due to economic slowdowns, rising interest rates, and regulatory challenges.
- **\*Asia-Pacific\***: This region was slightly more stable, with some countries like China and India showing resilience in their M&A markets.
- **WHICH SECTOR DO YOU EXPECT TO BE GROWING IN M&A ACTIVITY LATELY?**

# Sectoral Shifts and Regional Differences

Capital invested in venture capital deals, indexed to 2014 levels



<https://www.bain.com/insights/topics/m-and-a-report/>

# Sum up: Explanation of M&A activity

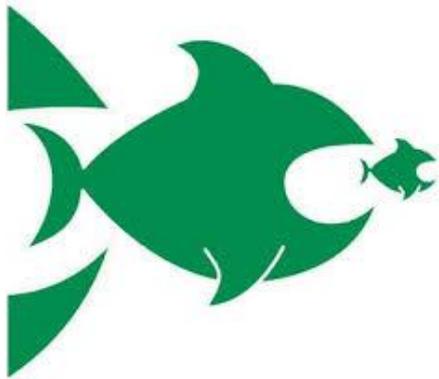
Some explanations, even though not mutually exclusive

- **Level of economy/financial market & interest rate**
- **Hubris** (managerial psychology)
- **Market manias**
- **Information asymmetry and overvaluation markets** (level of the market, valuation of my firm compared to the market, what do I know and the market doesn't)
- **Industry shocks** (deregulations, growth rate, concentration, technological change)
- **Competitive position** (structure of the industry, antitrust policy, efficiency of my firm compared to competitors)

# M&A Process

## Framework for M&A success

- › M&A Process and Deal Lifecycle
- Three main stages:



**Stage I:** Planning and strategic management

**Stage II:** Due diligence, Valuation and Negotiation

**Stage III:** Implementation and post-merger integration

→ The 3 stages are interconnected!!!

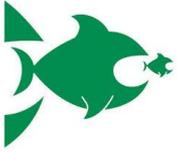
# Stage I: Planning and strategic management

## 1. Definition of strategic objectives & goals

- › Assessment of the firm's (and its business units) resources and competitive position and its position in the industry
- › Strengths and weaknesses!
- › After setting the goals → articulate a plan!
- › Define the M&A team (cross-functional)

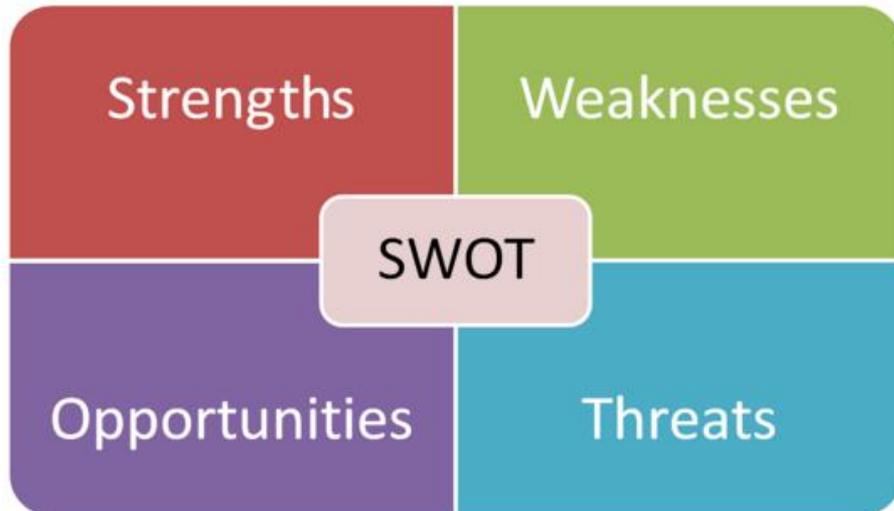
## 2. Target searching, screening, and selection:

- › Market research & preliminary screening
- › involves dynamic **learning by doing** → importance of experience
- › intelligence-gathering operation → quality of the information:
  - › The most valuable information is private → first-mover advantage
  - › Networks are valuable → build a network!
  - › Beware of ambiguous information



# Definition of our strategic objectives & goals

- How to determine a good strategy and what to look for?
- Assessment of the **firm's (and its business units) resources and competitive position and its position in the industry**
- Company mission: Defines the business focus and what the company will NOT do
  - Who are we? Whom do we serve?
  - What do we do? How do we measure results?
  - What do we value?
  - Why do we do this?



# Strategic objective: Potential Successful strategies

## Scale deals (Horizontal M&A)

- › Involves companies that share the same product lines and markets
  - Synergies exploitation
  - Elimination of competitors & Increase market share/power
  - Accessing new geographical markets

## Increase Supply-Chain Pricing Power (Vertical merger)

- › Overcome limited access to supply or distribution channels + Cost cutting
  - **Backward vertical integration:**
    - Save on the margins that the supplier was previously adding to its costs
    - Closer control over quality
    - Reduce/eliminate dependence on any particular supplier
  - **Forward vertical integration:**
    - Ship products at a lower cost.
    - Control on wholesale / retail pricing policy

# Acquisition of Knowledge, skills, capabilities

## Aim:

**Get skills or technologies faster or at lower cost than they can be built**

- By buying a smaller company with unique technologies, you can maintain or develop a competitive edge.

## Innovation-through-acquisition

- Growth catalyst
- Crucial complement to internal and organic innovation



# M&A and Innovation strategy

## Cisco Acquisition Strategy

- Founded in 1984, Cisco acquired its first company (Crescendo Communications, a LAN switching company) in Sept. 1993
- To date more than 170 acquisitions have been completed (for a total of more than 80 billion dollars spent for acquisition) and takeovers constitutes 50 percent of the company's business activity
- Cisco Systems has used **acquisitions to close gaps in its technologies** growing very quickly from a company with a single product line into the key player in IT.
- Corporate strategy of **letting a whole bunch of venture capitalists capitalize companies, waiting to see what works and buying up the successful ones**
- <https://www.cisco.com/site/us/en/about/corporate-development/acquisitions/acquisitions-list-years/index.html>



# M&A and Innovation strategy

## Cisco Acquisition Strategy

explained by **Padmasree Warrior**, former Chief Technology & Strategy Officer (CTO) of Cisco Systems.

Padmasree Warrior: Four Pillars of Innovation

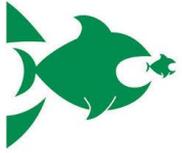
[http://www.youtube.com/watch?v=N\\_PG8OsjnuM](http://www.youtube.com/watch?v=N_PG8OsjnuM)

<https://www.youtube.com/watch?v=HNme-j6qY24>

### About **Padmasree Warrior**:

- Listed as the 71st most powerful woman in the world by *Forbes* (2014)
- Before Cisco she was CTO of Motorola
- After, CEO of U.S. for NextEV (an electric vehicle company) and now Fable

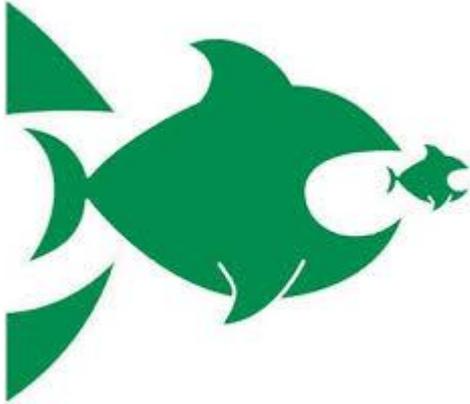




# Target searching, screening, and selection

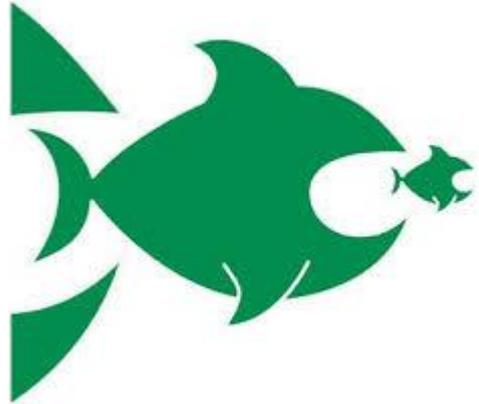
- › **Market Research:**
  - Conduct research to identify potential targets that align with strategic objectives
- › **Preliminary Screening:**
  - Evaluate potential targets against key criteria, such as financial health, market position, strategic fit, risk exposure, asset type, management quality, organizational fit
- › **First keyword: INFORMATION**
- › **Outreach:**
  - the buyer approaches the target to show interest, know it better (NDA), and then might pitch the proposal (LOI)
- › **Acquisition search involves dynamic learning by doing.**

## On the other side: What about search for an acquirer?



### Joe and The Juice

- Joe & The Juice is a chain of juice bars and coffee shops around the world.
- Founded in 2002 by Kaspar Basse, at the time in his late 20s. The company is based in Copenhagen, Denmark
- <https://www.joejuice.com/culture/joe-history>



# Agreements and Relevant docs

- › *Once a target is identified → the buyer approaches it to show interest, know it better (NDA), and then to pitch the proposal.*
- › If the target is willing to consider the proposed deal, the broad outlines of the deal are sketched. Advisers are called in.
- › Information is exchanged, **first-round documents are drafted** (NDA & LOI/NBO), and due diligence begins

# First round docs: LOI

- When: After initial talks but before a definitive agreement
- The aim of a LOI is to outline the preliminary terms and conditions of a proposed deal between the buyer and the seller. Main purposes:
  - ❑ **Establishing the Framework for Negotiations & Outlining Key Deal Terms:**
    - **Primary Terms:** The LOI typically includes major elements of the proposed transaction, such as the purchase price, the structure of the deal and the payment terms.
    - **Expectations:** It sets expectations regarding the roles and responsibilities of each party during the due diligence process and other pre-closing activities.
  - ❑ **Facilitating Due Diligence:**
    - **DD Roadmap:** it outlines the scope of the DD that the buyer intends to conduct.
  - ❑ **Providing a Basis for the Final Agreement and demonstrating commitment:**
    - **Drafting the Final Agreement:** It summarizes the key terms that will be detailed in the final, legally binding contract.

# First round docs: LOI

## Important note:

- It's important to note that most LOIs are non-binding, meaning they do not legally obligate the parties to complete the transaction. The LOI is more of a statement of intent and understanding rather than a final contract.
- → **Binding Elements**: However, certain provisions within the LOI, such as **confidentiality, exclusivity, or break-up fees**, can be legally binding, depending on how the LOI is drafted!!!

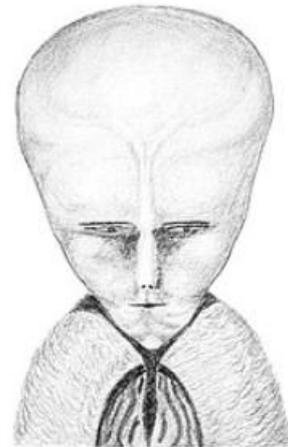
## AIM: Protecting Both Parties:

- Risk Management: By setting out preliminary terms and conditions, the LOI helps both parties identify and address potential deal-breaking issues early in the process, reducing the risk of misunderstandings or conflicts later on.

## REMEMBER:

The process of streaking a deal is more like a poker game than engineering problem

**Law**



**Psychology**

**Economics**



## Stage II.a: Assessment of Due diligence

### “Know what you are buying”

**The lack of knowledge of potential problems in an acquisition is one of the more common causes of failure in M&A**

#### Forward-looking process:

- Where the business is today / Develop a joint business plan - with reference to customers, suppliers, financial situation, state of the operations, supply chain...
- Does it have the necessary equipment/infrastructure to continue growing?
- Why the owner is selling? Succession, crisis, real problems with business, machinery..
- Is the owner asking a fair price?
- What are the real costs of integration?

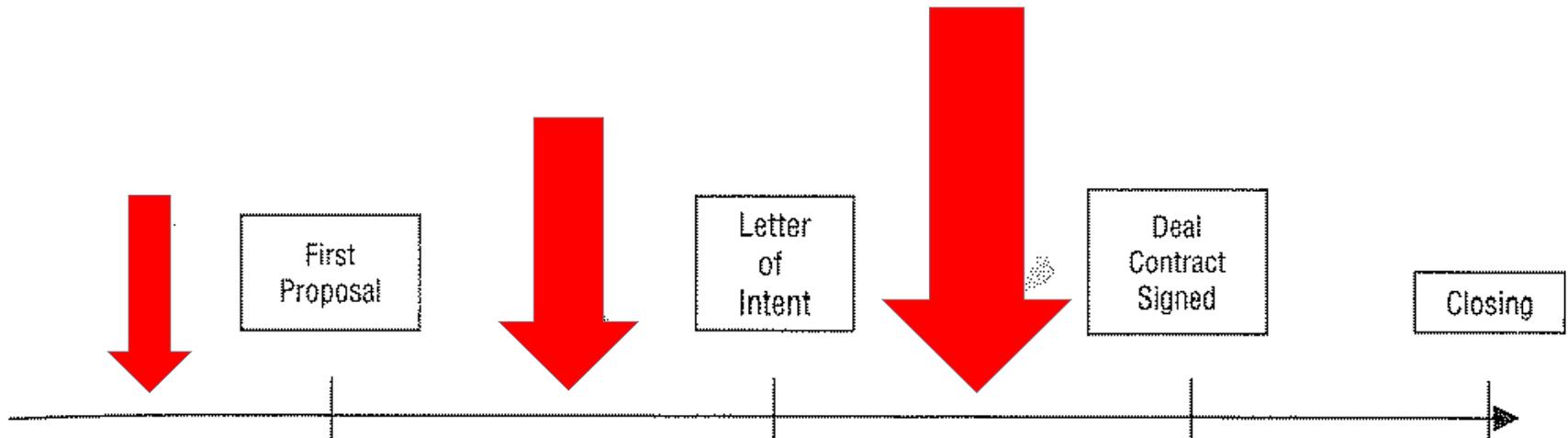
# Timing & Breadth

## Narrow or broad DD?

DD process is critical but also costly, long, and it interrupts normal activities

## What & When?

- **Public vs private data/documents** - Best info: internal. However, before the LOI, public info helps to get a financial, strategic and operational view
- Small vs big team (also outside advisers?)
- Include field visits/interview/external consultants?



## LET'S THINK LIKE PRACTITIONER

### › **CASE: AKRONOS TECHNOLOGIES GROUP** acquiring D&P – some *inputs*

- *Akronos Strategy: MergerMarket interview*
- *Akronos business: LinkedIn Page*  
<https://www.linkedin.com/company/akronos-tech/>
- *D&P business: <https://depelsys.it/>*
  
- **Company strategy identification**
  - *Build a SWOT → identify the questions to ask?*
  - *Which info do you need? Who would you ask to?*
  - *Which synergies do you see?*
  - *Which risks?*

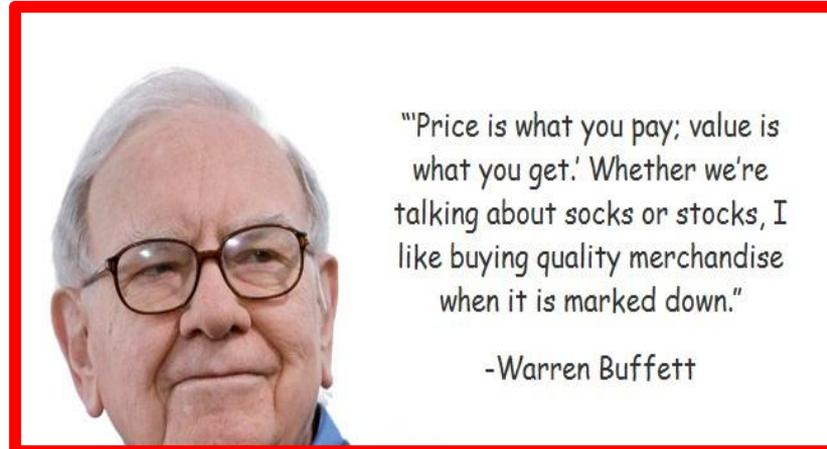
## Stage II.b: Valuation and Negotiation

### 2. Valuation & Negotiation:

- Determining the price range for the target, synergies assessment & financing plan

#### How:

- **Several valuation methods (DCF, multiples, market value..)**
- **Focus on future prospects of the business**
- **Focus on economic reality (rely on cash flows)**
- **Consider the risk associated with the specific business**
- **Consider any information advantages**
- **Diversify efficiently**
- **VALUE OF SYNERGIES!**

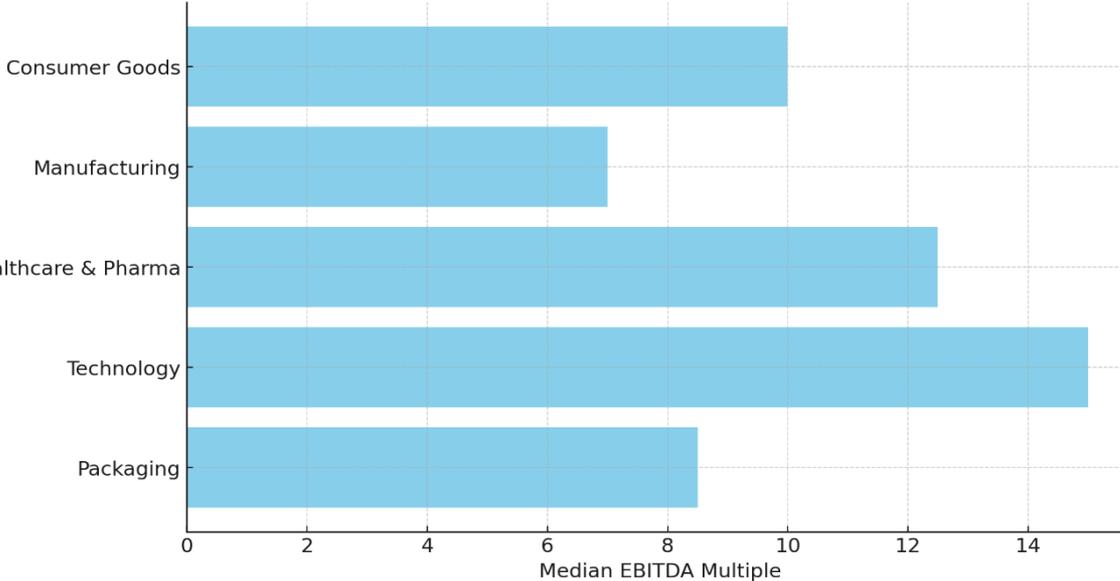




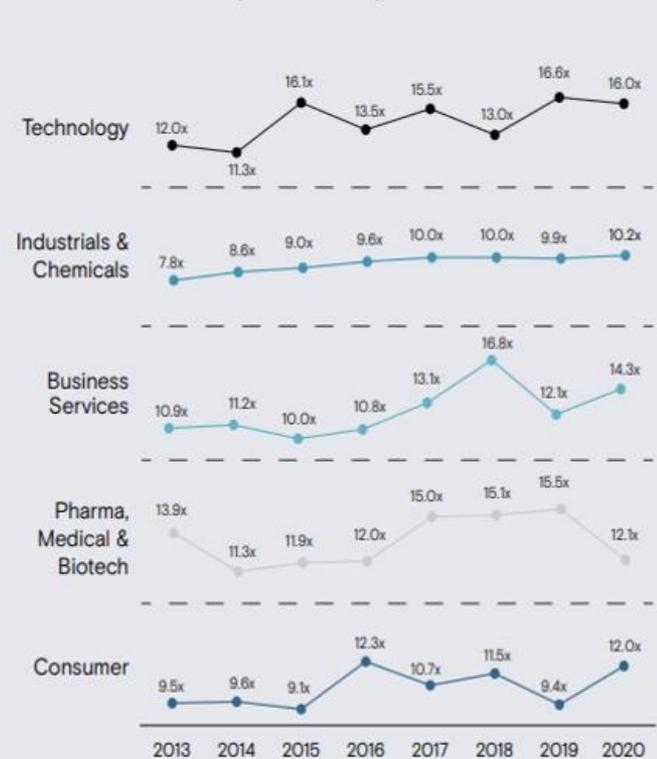
# Practitioner Note:

- Most often, valuation boils down to a small, simple valuation range: N times EBITDA. **This number varies with the sector of the company.**
- These numbers are known as *multiples*, so when you hear someone say “a 8X multiple of EBITDA,” that person means a company with EBITDA of \$3 million would have a \$24 million valuation.

Median EBITDA Multiples by Sector in Europe (M&A Target Valuation)



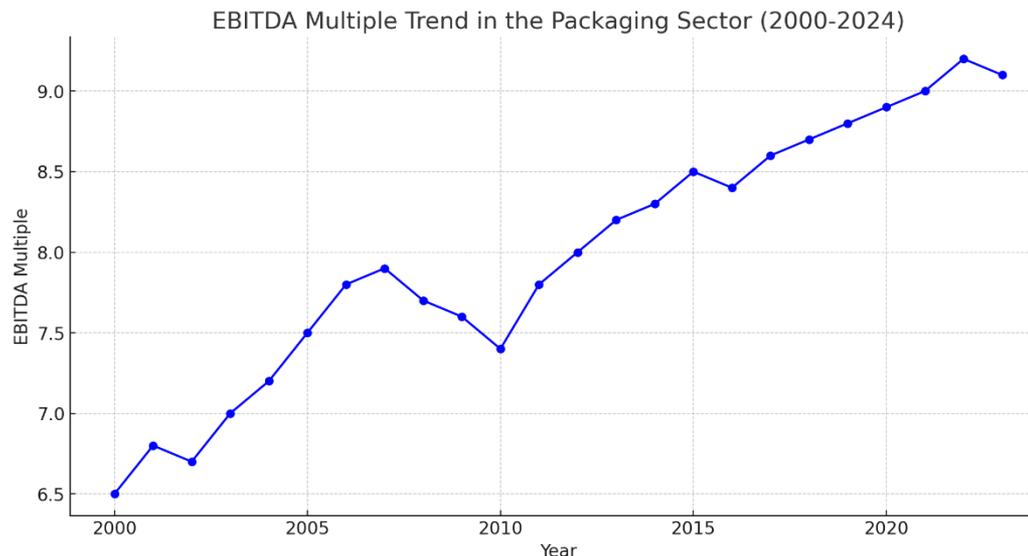
Median EBITDA Multiple Trend - Key Sectors





## Trends in the Packaging Sector:

- **Recent Trend:** The packaging sector in Europe has seen median EBITDA multiples generally ranging between 7.5x to 9.5x over the past few years, depending on the specific sub-sector (e.g., metal packaging, plastic packaging, etc.) and the size of the company.
- **Key Factors:** Factors influencing these multiples include increasing demand for sustainable packaging solutions, consolidation trends, and the financial stability of the targets.



**Main sources:** Market Research Reports (PwC, Deloitte, McKinsey & Company, Bain & Company, Main investment banks) & Industry-Specific Reports (Smithers Pira, Euromonitor International, Proventis Partners, MP Corporate Finance).

# Negotiation & Closing

1. **Negotiate Price:** Discuss and negotiate the purchase price based on the findings from the due diligence process.
2. **Outline Key Terms:** Agree on essential terms such as payment structure (e.g., cash, stock, or staged payments), representations and warranties, and indemnities.
3. **Final Agreements:** Negotiate and finalize detailed agreements such as the purchase agreement, transition service agreements, and any ancillary documents.
4. **Legal Review:** Ensure all agreements and documents are legally sound and protect the interests of both parties.
5. **Regulatory Approvals:** Seek necessary regulatory approvals and comply with antitrust laws, industry-specific regulations, and other legal requirements.

# Negotiation & Closing

6. **Finalize Transaction:** Complete the final steps of the transaction, including transferring funds, signing final documents, and executing the closing procedures.
7. **Integration Planning:** Finalize the plan for integrating the target company into the acquiring organization to realize synergies and ensure a smooth transition, and be ready for its Execution
  - **Reminder:** Ensure to incorporate findings from the Due Diligence process.
  - **Reminder:** Include all agreed-upon risk management elements, such as escrow accounts, indemnities, and liabilities.

## Stage III: Post-merger integration

Knowing what to do after the definitive agreement is signed is vital to the success of the deal.

- **Aim** of the integration → exploit synergies!
- Integration process usually begins AFTER the agreement has been signed → TOO LATE!
- Implementation: succeeds through a process of:

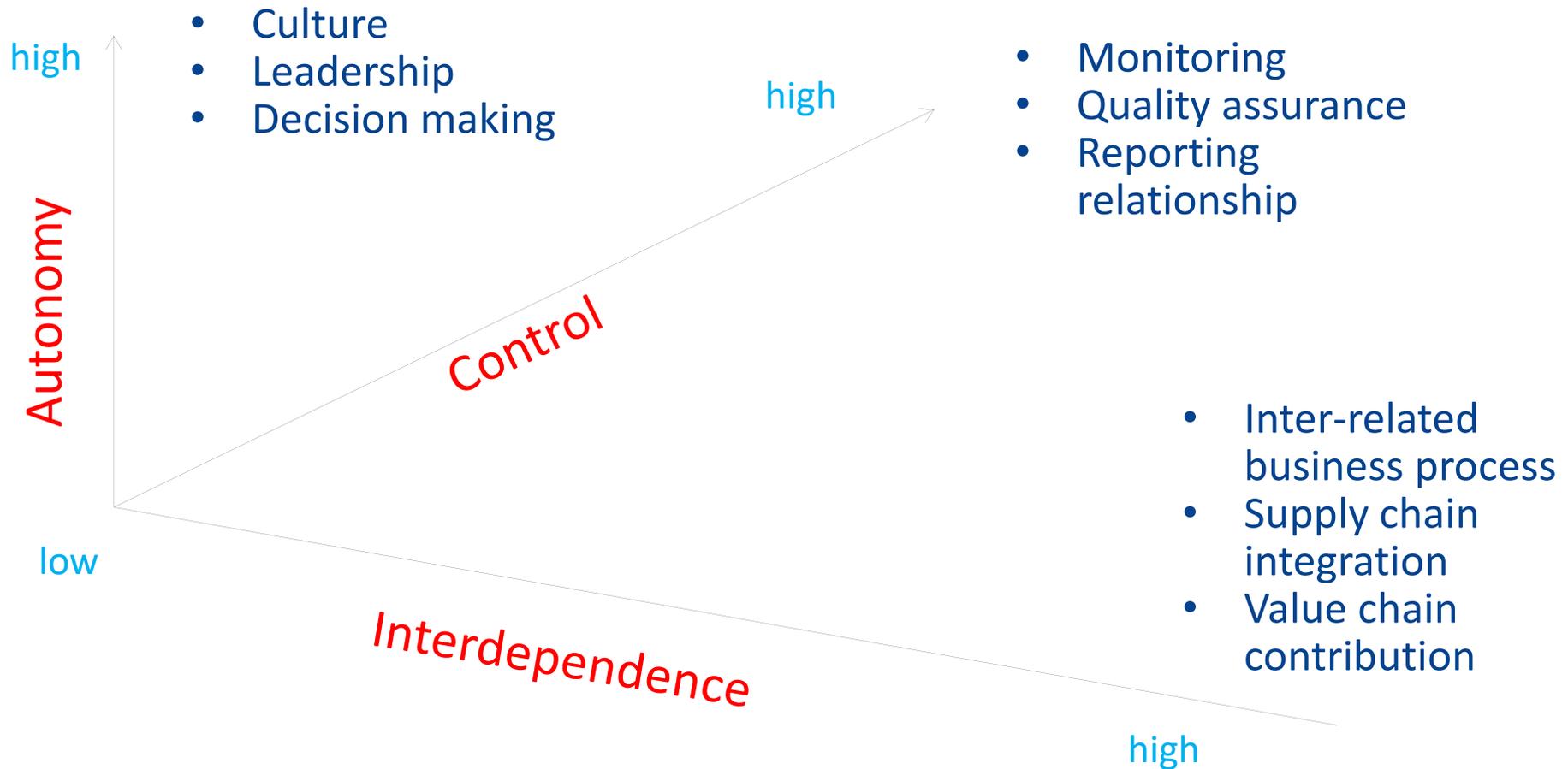
### PLANNING + EXECUTION

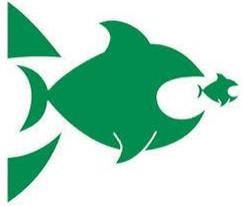


- **Employees & skills**
- **Compensation system & work space**
- **Production & supply chain**
- **Financial control & IT**

- **Speed and decisiveness**
- **Change management**
- **Communication**
- **Cultural integration**

# Integration strategy





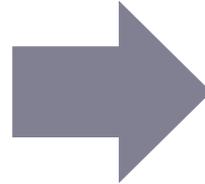
# Post-merger Integration Takeaways:

Some pitfalls to be avoided are:

1. *Poor due diligence (financial and human capital)*
2. *Take too long to answer **employees' "me" issues.***
3. *Delaying the start of integration and dragging out the finish.*
4. *Allowing divergent initiatives.*
5. *Under-communicating /content-free communications.*
6. *Putting no one in charge.*
7. *Ignoring project management disciplines.*

# Process Recap & Takeaways:

- Designing a deal is like fixing a meal: good bland of ingredients + balanced delivery
- Crucial linkage between analysis and action.



# Process Recap & Takeaways:

## 1. Understanding M&A Objectives

- Clearly define strategic goals and objectives for pursuing M&A.
- Align M&A activities with overall business strategy and long-term vision.

## 2. Importance of Thorough Due Diligence

- Conduct comprehensive due diligence to assess the target company's financial health, operational performance, and potential risks.
- Leverage due diligence findings to make informed decisions and negotiate effectively.

## 3. Effective Negotiation Strategies

- Develop a clear negotiation strategy that addresses key terms, including price, deal structure, and contingencies.
- Focus on building a strong rapport and maintaining transparent communication with the target company.

## 4. Structuring the Deal

- Evaluate different deal structures (e.g., asset purchase vs. stock purchase) and choose the one that best aligns with your strategic and financial goals.
- Consider tax implications and legal requirements when structuring the transaction.

# Recap & Takeaways:

## 5. Managing Risk

- Identify potential risks and incorporate risk management strategies such as escrow accounts, indemnities, and warranties.
- All agreed-upon risk management elements must be clearly documented and enforced.

## 6. Regulatory and Legal Compliance

- Understand and comply with all regulatory requirements and legal considerations relevant to the transaction.
- Obtain necessary approvals and address any antitrust or industry-specific concerns.

## 7. Integration Planning

- Develop a robust integration plan to smoothly transition and merge the acquired company.
- Focus on achieving synergies, aligning organizational cultures, and retaining key talent.

# Recap & Takeaways:

## 8. Communication and Stakeholder Management

- Communicate effectively with all stakeholders, including employees, customers, and investors, throughout the M&A process.
- Manage expectations and address any concerns to maintain confidence and morale.

## 9. Monitoring and Evaluation

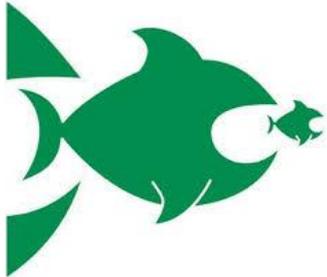
- Establish metrics and benchmarks to monitor the performance and success of the M&A transaction.
- Regularly review and assess the outcomes against the initial objectives and goals.

## 10. Learning from the Process

- Reflect on lessons learned from the M&A process to improve future transactions.
- Continuously enhance M&A strategies and processes based on experience and feedback.

# M&A Seminar

**Thank you for your attention.**



**Do you have any questions or  
comments?**